

UNITED STATES OF AMERICA
BEFORE THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.

NEW YORK STATE BANKING DEPARTMENT
NEW YORK, NEW YORK

STATE OF FLORIDA
DEPARTMENT OF BANKING AND FINANCE
TALLAHASSEE, FLORIDA

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Written Agreement By and Among)	
)	
BANCO BILBAO VIZCAYA ARGENTARIA, S.A.)	Docket Nos. 00-010-WA/RB-FB
Madrid, Spain)	00-010-WA/RB-FA
)	00-010-WA/RB-FBR
BANCO BILBAO VIZCAYA, S.A.)	
Miami Agency)	
Miami, Florida)	
)	
BANCO BILBAO VIZCAYA, S.A.)	
New York Branch)	
New York, New York)	
)	
FEDERAL RESERVE BANK OF ATLANTA)	
Atlanta, Georgia)	
)	
FEDERAL RESERVE BANK OF NEW YORK)	
New York, New York)	
)	
NEW YORK STATE BANKING DEPARTMENT)	
New York, New York)	
)	
and)	
)	
STATE OF FLORIDA)	
Department of Banking and Finance)	
Tallahassee, Florida)	
)	

WHEREAS, in recognition of the common goal to continue the improvement and strengthening of the overall condition of private banking activities in the United States, including anti-money laundering policies and procedures, customer due diligence practices, operational controls, credit administration and investment activities and to ensure compliance with all applicable federal and state laws, rules, and regulations by Banco Bilbao Vizcaya Argentaria, S.A. ("BBVA") and BBVA's branch in New York ("NY Branch") and agency in Miami ("Miami Agency")(collectively, the "U.S. Offices"), BBVA, on its own behalf and on behalf of its U.S. Offices, the Federal Reserve Bank of Atlanta ("Atlanta Reserve Bank"), the Federal Reserve Bank of New York ("New York Reserve Bank")(collectively, the "Reserve Banks"), the New York State Banking Department, and the State of Florida Department of Banking and Finance (collectively, the "Banking Departments") (Reserve Banks and Banking Departments collectively, the "Supervisory Agencies") have mutually agreed to enter into this Written Agreement (the "Agreement");

WHEREAS, BBVA and its U.S. Offices are taking steps to enhance and improve the customer due diligence practices and internal control environment with respect to their U.S. private banking operations; and

WHEREAS, on April 17, 2000, the Board of Directors of BBVA, at a duly constituted meeting, adopted a resolution authorizing and directing Luis Bastida on behalf of BBVA, Manuel Zubiria on behalf of the Miami Agency, and Raul Santoro on behalf of the NY Branch to enter into this Agreement, and consenting to compliance by BBVA and the U.S. Offices and their institution-affiliated parties, as defined in sections 3(u) and 8(b)(4) of the Federal Deposit Insurance Act, as amended (12 U.S.C. 1813(u) and 1818(b)(4)), with each and every provision of this Agreement.

NOW THEREFORE, the Supervisory Agencies and BBVA and the U.S. Offices agree as follows:

Enhanced Due Diligence

1. Within 45 days of this Agreement, BBVA, on behalf of the U.S. Offices, shall submit to the Supervisory Agencies an acceptable enhanced customer due diligence program for the private banking activities of its U.S. Offices. The program shall be designed to reasonably ensure the identification and timely, accurate, and complete reporting of known or suspected criminal activity against or involving the U.S. Offices to appropriate law enforcement and supervisory authorities as required by the suspicious activity reporting provisions of Regulation K of the Board of Governors of the Federal Reserve System (12 CFR 211.24(f)) and state law, where applicable. At a minimum, the enhanced customer due diligence program shall:

- (a) Provide procedures for:
 - (1) determining the appropriate documentation necessary to confirm the identity and business activities of the customer;
 - (2) understanding the normal and expected transactions of the customer; and
 - (3) reporting suspicious activities in compliance with existing reporting requirements set forth in the regulations of the Board of Governors and state law, where applicable.
- (b) Ensure that all business functions at BBVA understand and provide the necessary support for BBVA to be in compliance with its enhanced customer due diligence program.
- (c) Provide appropriate procedures to reasonably ensure that account relationship managers comply with the applicable laws and regulations related to anti-money laundering compliance and suspicious activity reporting;
- (d) Provide for continued enhancement of training for all appropriate personnel (including, but not limited to, private banking officers, lending officers, all other customer contact personnel, and compliance and audit staff) in the relevant aspects of regulatory and internal policies and procedures related to anti-money laundering compliance and in the identification and reporting of suspicious activity.

2. Within 15 days of this Agreement, the Miami Agency shall designate a senior officer, who possesses the appropriate experience, training and authority, to oversee the enhanced customer due diligence program. As part of the functions of this senior officer, senior management of BBVA shall ensure that the senior officer has unrestricted access to all information possessed by the Miami Agency and the NY Branch and shall receive full cooperation from all areas and personnel of BBVA.

Audit and Internal Controls

3. Within 45 days of this Agreement, BBVA, on behalf of the U.S. Offices, shall submit to the Supervisory Agencies an acceptable plan to expand the audit and internal control system for the private banking activities of its U.S. Offices to ensure that:

- (a) The U.S. Offices are complying with all applicable rules and regulations related to anti-money laundering compliance and the reporting of

suspicious activity;

- (b) Appropriate personnel possess the requisite knowledge necessary to comply, and are complying, with applicable rules and regulations related to anti-money laundering compliance and the reporting of suspicious activity;
- (c) The results of internal audits for compliance in the areas of anti-money laundering compliance and the reporting of suspicious activity are reported to senior management in a timely and accurate manner; and
- (d) Senior management institute appropriate actions to resolve any reported deficiencies.

Credit Administration

4. Within 45 days of this Agreement, each U.S. Office shall conduct a review, and then report the findings of its review to the Supervisory Agencies, of the credit policy applicable to its private banking activities to ensure that uniform, comprehensive policies are in place to cover all lending and credit activities. At a minimum, the credit policy applicable to the private banking activities of each U.S. Office shall be expanded to include the frequency and scope of loan reviews by Head Office auditors; a mechanism for management's response to findings; appropriate criteria for assessing credit risk; guidance in the areas of past due loan collections and recovery of charged-off loans; requirements that deposits at the U.S. Offices must be legally pledged to overdrafts or such overdrafts will be considered past due and charged off; and revisions addressing the frequency of collateral valuation on loans secured by marketable securities, persons/areas responsible for valuing securities, statements as to maximum limits on aggregate loans guaranteed by related parties, requirements for analysis of financial conditions on related guarantors, and requirements that credit files document the underwriting standards applied by the guaranteeing party. The U.S. Offices shall also implement a more effective system of collateral reporting and control to avoid the unauthorized sale of loan collateral.

5. Within 45 days of this Agreement, the Miami Agency's Credit Committee minutes of all meetings held after such date shall be expanded to accurately reflect ongoing oversight of the lending activities at the Miami Agency, including, but not limited to, a review of the loan portfolio, loan grading, loan pricing, new lending initiatives, and marketing programs.

6. Within 45 days of this Agreement, the Miami Agency's Management Committee minutes of all meetings held after such date shall be enhanced to provide for a better record of discussions held regarding ongoing evaluations of performance, market conditions and strategic decisions.

Investment Practices

7. Within 45 days of this Agreement, BBVA, on behalf of the Miami Agency, shall submit to the Supervisory Agencies an expanded Investment Policy that conforms to the Interagency Policy Statement on Retail Sales of Non-deposit Investment Products related to discretionary and non-discretionary activities, to include, among other things, that all written disclosures for products offered at its U.S. Offices clearly disclose that non-deposit investment products are not FDIC insured and that the Miami Agency's assets will be segregated from those of its customers for safekeeping and custody purposes.

- (a) The Miami Agency Discretionary Policy will, at a minimum:
 - (1) address the risks associated with selling non-deposit investment products and providing assets under management services;
 - (2) identify acceptable types of clients;
 - (3) address the process by which periodic client suitability reviews will be conducted;
 - (4) list qualifications of personnel involved in these activities, in particular, those personnel reviewing compliance with the Miami Agency Discretionary Policy;
 - (5) provide ongoing training; and
 - (6) detail the scope of any activities of third parties.
- (b) The Miami Agency Non-Discretionary Policy will, at a minimum:
 - (1) clearly identify the policy pertaining to non-discretionary activities, and
 - (2) disclose the manner in which client's assets will be safeguarded.

8. Within 45 days of this Agreement, BBVA, on behalf of the Miami Agency, shall submit to the Supervisory Agencies an acceptable Investment Policy for the Miami Agency's own investments addressing: investment objectives; limits and guidelines for acquiring and managing investments; the Miami Agency's tolerance in credit, market, and liquidity risks associated with holding securities; lines of responsibility and authority; and appropriate guidelines for reporting such investments according to generally accepted accounting principles (including marking to market all investments booked as "available for sale").

9. Within 15 days of this Agreement, the U.S. Offices shall take appropriate steps to correct internal control and segregation of duties deficiencies in the investment trading area of private banking activities. Such steps shall, at a minimum, address:

- (a) The need for adequate internal controls over the receipt, completion and execution of client trade orders, including appropriate segregation of duties between the relationship managers and the back office/control function.
- (b) The need to produce reliable monthly client portfolio statements with such statements providing accurate month-end security valuations obtained from a reliable pricing service and such statements being subject to independent verification and reconciliation.

Plans, Policies, and Procedures

10. The written plans, programs, and reports required by paragraphs 1, 3, and 4 hereof, shall be submitted to the Supervisory Agencies for review and approval. Acceptable plans, programs, and reports shall be submitted to the Supervisory Agencies within the time periods set forth in this Agreement. BBVA and the U.S. Offices shall adopt the approved plans, programs, and reports within 30 days of approval by the Supervisory Agencies and then shall fully comply with them. During the term of this Agreement, the approved plans, programs and reports shall not be amended or rescinded without the prior written approval of the Supervisory Agencies.

Periodic Reports

11. Within 30 days after the end of each calendar quarter (June 30, September 30, December 31 and March 31) following the date of this Agreement, BBVA and the U.S. Offices shall furnish to the Supervisory Agencies written progress reports detailing the form and manner of all actions taken to secure compliance with this Agreement, and the results thereof.

Miscellaneous

12. All communications regarding this Agreement shall be sent to:

- (a) Ms. Suzanna J. Costello
Vice President
Federal Reserve Bank of Atlanta
104 Marietta Street, N.W.
Atlanta, Georgia 30303

- (b) Mr. Alex Hager, Director
State of Florida
Department of Banking and Finance
101 East Gaines Street, Suite 624F
Tallahassee, Florida 32399
- (c) Mr. Christopher J. McCurdy
Senior Vice President
Federal Reserve Bank of New York
33 Liberty Street
New York, NY 10045
- (d) Mr. Robert H. McCormick
Deputy Superintendent of Banks
New York State Banking Department
2 Rector Street
New York, NY 10006
- (e) Mr. Luis J. Bastida Ibarguen
Director General
Banco Bilbao Vizcaya Argentaria, S.A.
Paseo de la Castellana, 81
Madrid, Spain
- (f) Mr. Manuel Zubiria
Executive Vice President
Banco Bilbao Vizcaya, S.A.
2 South Biscayne Boulevard, Suite 3301
Miami, Florida 33131
- (g) Mr. Raul Santoro
Executive Vice President
Banco Bilbao Vizcaya, S.A.
New York Branch
1345 Avenue of the Americas
New York, New York

13. The provisions of this Agreement shall be binding on BBVA, the U.S. Offices and each of their institution-affiliated parties in their capacities as such, and their successors and assigns.

14. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated, or suspended by the Supervisory Agencies.

15. Notwithstanding any provision of this Agreement to the contrary, the Supervisory Agencies may, in their sole discretion, grant written extensions of time to BBVA and the U.S. Offices to comply with any provision of this Agreement.

16. The provisions of this Agreement shall not bar, estop, or otherwise prevent the Board of Governors, the Banking Departments, or any other federal or state agency or department, from taking any other action affecting BBVA, the U.S. Offices, or any of their current or former institution-affiliated parties, or their successors, or assigns.

17. This Agreement is a "written agreement" for the purposes of section 8 of the Federal Deposit Insurance Act, as amended (12 U.S.C. 1818).

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of this 12th day of June, 2000.

Banco Bilbao Vizcaya Argentaria, S.A.
Madrid, Spain

By: L. Bastida
Mr. Luis Bastida
Director General

State of Florida
Department of Banking & Finance

By: _____
Mr. Alex Hager
Director

Banco Bilbao Vizcaya, S.A.
Miami Agency

By: _____
Mr. Manuel Zubiria
Executive Vice President

Federal Reserve Bank of Atlanta

By: _____
Ms. Suzanna J. Costello
Vice President

Banco Bilbao Vizcaya, S.A.
New York Branch

By: _____
Mr. Raul Santoro
Executive Vice President

Federal Reserve Bank of New York

By: _____
Mr. Christopher J. McCurdy
Senior Vice President

New York State Banking Department

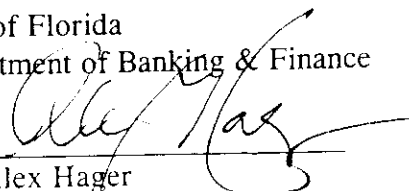
By: _____
Mr. Robert H. McCormick
Deputy Superintendent of Banks

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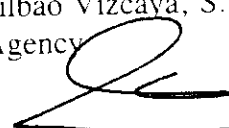
Banco Bilbao Vizcaya Argentaria, S.A.
Madrid, Spain

By: _____
Mr. Luis Bastida
Director General

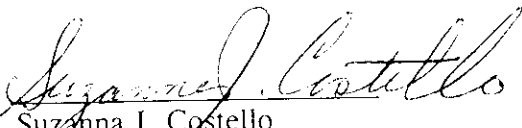
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